

## Comments on 2012 GMC Grandfathering Provision

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Powerex appreciates the opportunity to provide these brief comments on the CAISO's 2012 GMC Straw Proposal Grandfathering Provision.

Based on the information provided to Powerex by the CAISO, Powerex believes that the grandfathering provision is a reasonable compromise to mitigate the rate impact from the 2012 GMC Straw Proposal for the limited number of contracts that do not have the ability to flow through the additional GMC costs.

Powerex's acceptance of the grandfathering provision and the associated criteria is based on the information provided by the CAISO in regards to the volume of energy that would be grandfathered from the 2012 GMC rates. However, Powerex is concerned about the length of the grandfathering provision. The data provided to Powerex shows that certain units would be grandfathered through 2021.

Powerex's concerns on the length of the grandfathering provision are fairly minor based on the volumes provided but Powerex suggests that if the volume of energy subject to grandfathering increases significantly, the CAISO should limit the length of time for the grandfathering (perhaps to a maximum of three to five years) or phase out the volume of energy eligible for grandfathering over a reasonable period of time.